

PUBLIC DISCLOSURE

APRIL 7, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

EAST BOSTON SAVINGS BANK

33510

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Division of Banks

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<p>NOTE: This document is an evaluation of the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.</p>

TABLE OF CONTENTS

I.	General Information	1
II.	Institution Rating	
a.	Overall Rating.....	1
b.	Performance Context	4
c.	Scope of Evaluation.....	9
d.	Conclusions with Respect to Performance Tests	11
III.	Appendix	
a.	Fair Lending (Division of Banks)	A-1
b.	General Definitions.....	B-1
c.	Investment Definitions	C-1
d.	Standard PE Language	D-1

GENERAL INFORMATION

The Community Reinvestment Act (“CRA”) requires the Federal Deposit Insurance Corporation (“FDIC”) and the Massachusetts Division of Banks (“Division”) to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agencies must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

*This document is an evaluation of the CRA performance of **East Boston Savings Bank (or the “Bank”)** prepared by the Division and the FDIC, the institution's supervisory agencies, as of **April 7, 2014**. The agencies evaluate performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution’s branches. The Division and FDIC rate the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00 and Part 345 of the FDIC’s Rules and Regulations.*

INSTITUTION'S CRA RATING

INSTITUTION’S CRA RATING: This institution is rated “Satisfactory” by the Division and the FDIC.

The following table indicates the performance level of East Boston Savings Bank with respect to the Lending, Investment, and Service Tests.

East Boston Savings Bank			
Performance Levels	Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Satisfactory**		X	
Needs to Improve			
Substantial Non-Compliance			

*Note: The Lending Test is weighed more heavily than the Service and Investment Tests when arriving at an overall rating.

**Note: FDIC rules and regulations stipulate use of a high satisfactory and low satisfactory rating for the three tests. For purposes of this jointly issued public evaluation, the term “satisfactory” will be used in lieu of the “low satisfactory” rating for the lending, investment, and service test ratings.

LENDING TEST

The Bank's Lending Test performance is rated "High Satisfactory."

- The Bank's home mortgage and small business lending activity reflect good responsiveness to assessment area credit needs considering the size of the institution, its loan portfolio composition, and the significant level of competition within the assessment area.
- An adequate percentage of home mortgage and small business loans were originated within the assessment area. A majority of originations for both products were inside the assessment area during the review period.
- The geographic distribution of the Bank's home mortgage and small business loans reflects good dispersion throughout the assessment area, especially in low- and moderate-income geographies. The conclusion was primarily based on comparisons to assessment area demographics and aggregate lending performance.
- The distribution of borrowers reflects, given the demographics of the assessment area, adequate penetration among individuals of different income levels and businesses of different sizes. The rating was primarily based on the Bank's reasonable performance in lending to low- and moderate-income borrowers and small businesses.
- The Bank is a leader in making community development loans within its assessment area or the broader regional area given its asset size and financial resources. These loans primarily benefitted organizations that provide affordable housing and community services to low- and moderate-income individuals and families in the assessment area.
- The Bank makes use of innovative and flexible lending programs to meet the credit needs of low- and moderate-income borrowers, first-time homebuyers, and small businesses.

INVESTMENT TEST

The Bank's Investment Test performance is rated "Satisfactory."

- The Bank made an adequate level of qualified investments and grants. Qualified equity investments, grants, and donations totaled \$6.1 million. The Bank made approximately \$378,865 in qualified grants and donations, while equity investments totaled \$5.7 million.
- Qualified investments and grants provided adequate responsiveness to the assessment area's community development needs; however, the Bank rarely uses innovative or complex investments.

SERVICE TEST

The Bank's Service Test performance is rated "High Satisfactory."

- The Bank's delivery systems are accessible throughout its assessment area.

- The Bank's record of opening and closing branches improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.
- Services, including business hours, do not vary in a way that inconveniences any portion of the assessment area, particularly low- and moderate-income geographies or individuals.
- The Bank provides a relatively high level of community development services.

PERFORMANCE CONTEXT

Description of Institution

East Boston Savings Bank is a Massachusetts-chartered, stock savings bank, and a subsidiary of Meridian Interstate Bancorp, Incorporated (Inc.), a bank holding company. The Bank's headquarters are located at 10 Meridian Street, East Boston, Massachusetts, and its corporate offices are located at 67 Prospect Street in Peabody, Massachusetts. Each of these offices includes a full-service retail branch. Including these retail locations, the Bank operates 27 full-service branches throughout Essex, Middlesex, and Suffolk counties.

The Bank offers a full range of products and services that meet the financial and credit needs of businesses and consumers. Business loan product offerings include lines of credit and term loans, commercial real estate mortgages, residential development loans, equipment financing, letters of credit, and Small Business Administration ("SBA") loans. Consumer loan product offerings include auto loans, home equity lines and loans, personal loans, reserve lines of credit, and residential mortgages.

Table 1 illustrates the current distribution of the Bank's loan portfolio.

Table 1 – Loan Portfolio Distribution as of December 31, 2013		
Loan Type	Dollar Amount \$(‘000S)	Percent of Total Loans (%)
Loans Secured by Real Estate		
Construction, Land Development, and Other Land Loans	208,799	9.1
Secured by Farmland	0	0.0
Revolving, Open-end Loans Secured by 1-4 Family Residential Properties and Extended Under Lines of Credit	54,499	2.4
Closed-end Loans Secured by 1-4 Family Residential Properties: Secured by First Liens	445,647	19.4
Closed-end Loans Secured by 1-4 Family Residential Properties: Secured by Jr. Liens	9,329	0.4
Secured by Multi-Family (5 or more) Residential Properties	288,172	12.6
Secured by Nonfarm Nonresidential Properties	1,070,305	46.7
Loans to Finance Agricultural Production and Other Loans to Farmers	0	0.0
Commercial and Industrial	68,955	3.0
Loan to Individuals for Household, Family, or Other Personal Expenditures	7,224	0.3
Other Loans	140,535	6.1
TOTAL LOANS	2,293,465	100.0

Source: December 31, 2013 Call Report

As of December 31, 2013, the Bank's total assets were \$2.7 billion. Net loans (total loans less the allowance for loan and lease losses) totaled \$2.3 billion, representing 84.6 percent of total assets. Since September 30, 2011, assets increased approximately \$763.1 million, or 39.8 percent, while net loans increased by 82.8 percent. Bank management indicated that there was a strong emphasis to grow the loan portfolio during the review period. The Bank's loans are concentrated in commercial real estate, followed by residential real estate. Although not captured in Table 1, the institution also sold a significant number of home mortgage loans to the secondary market.

The Bank operates in a highly competitive market area in terms of residential and commercial lending. According to Home Mortgage Disclosure Act (“HMDA”) data, there were 491 lenders that originated mortgage loans in the assessment area in 2012. With respect to small business loans, 123 CRA data reporters made small business loans within Essex, Middlesex, and Suffolk counties. Peer data for small business lending is only available at the county level. This data also does not capture small business lending activity from many community banks that do not report CRA data. The Bank considers its direct competitors to be large banks such as Bank of America, N.A.; TD Bank, N.A.; and Santander Bank; as well as local institutions, including Eastern Bank; Salem Five Cents Savings Bank; and Century Bank.

There are no apparent financial or legal impediments that would limit the Bank’s ability to help meet the credit needs of its assessment area. The Bank’s CRA performance was deemed “Satisfactory” at the previous evaluation on November 17, 2011 conducted jointly by the FDIC and Division.

Description of Assessment Area

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. An assessment area should consist of whole geographies such as counties, cities, or towns. Further, an assessment area may not reflect illegal discrimination and may not arbitrarily exclude any low- or moderate-income areas, taking into account the institution’s size and financial condition.

Table 2 details the Bank’s assessment area as of the evaluation date.

Table 2 – Assessment Area Cities and Towns	
Essex County	
Danvers	Lynn
Lynnfield	Peabody
Saugus	
Middlesex County	
*Belmont	Cambridge
Everett	Malden
Medford	Melrose
*Somerville	Wakefield
Suffolk County	
Boston	Chelsea
Revere	Winthrop

*Added since the prior evaluation

The eight municipalities located in Middlesex County are part of the Cambridge-Newton-Framingham, MA Metropolitan Division (“MD”) #15764. The four Suffolk County municipalities are located in the Boston-Quincy, MA MD #14484, and the five Essex County communities are located in the Peabody, MA MD #37764. All three MDs are part of the larger consolidated Boston-Cambridge-Quincy, MA-NH Metropolitan Statistical Area (“MSA”)/Core Based Statistical Area (“CBSA”) #14460

The *Geographic Distribution* section of the Lending Test assesses the distribution of loans by census tract income level, especially in those designated low- and moderate-income (“LMI”). Each census tract is assigned an income level based on the median family income (“MFI”) of the

tract as compared to the MFI established for the MSA or MD in which the tract is located. The four income levels are defined as follows:

Low-Income: Less than 50 percent of MFI

Moderate-Income: At least 50 percent, but less than 80 percent of MFI

Middle-Income: At least 80 percent, but less than 120 percent of MFI

Upper-Income: 120 percent or greater of MFI

The Bank added two communities since the last evaluation. The assessment area now contains 346 census tracts, consisting of 70 low-income, 108 moderate-income, 96 middle-income, and 60 upper-income census tracts. There are 12 census tracts with no income designation. These geographies include Logan International Airport, the Boston Commons, Franklin Park Zoo, and several waterfront industrial areas.

Table 3 provides relevant demographic information for the assessment area.

Table 3 – Assessment Area Demographic Information						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies	346	20.3	31.2	27.8	17.3	3.4
Population by Geography	1,343,170	19.3	34.5	30.7	15.4	0.1
Owner-Occupied Housing by Geography	231,589	8.5	29.8	39.1	22.5	0.1
Businesses by Geography (2012)	123,316	13.8	24.1	26.3	35.1	0.7
Distribution of Families by Income Level	282,212	33.2	17.8	19.4	29.6	0.0
Assessment Area MFI, 2012	\$ 93,649	Median Housing Value			\$406,301	
MD #14484 MFI, 2012	\$ 88,800	Unemployment Rate			8.2%	
MD #15764 MFI, 2012	\$106,400	Poverty Level			11.8%	
MD #37764 MFI, 2012	\$ 87,300					

Source: 2010 U.S. Census, 2012 D&B data, and 2012 FFIEC Estimated Median Family Incomes

Median Family Income Levels

The analysis under the Borrower Characteristics section of the Lending Test is based in part on the distribution of home mortgage loans to borrowers of different incomes, using the same four income levels defined in the previous section. The analysis utilizes income data from the 2010 U.S. Census that is annually adjusted by the Federal Financial Institution Examination Council (“FFIEC”) for inflation and other economic events. The estimated 2012 MFI data for each MD in the assessment area is listed in Table 3.

The analysis of the Bank’s home mortgage lending also includes comparisons to the distribution of assessment area families by income level. Table 3 reveals the largest concentration of families is in the low-income category, followed by upper-income. Moderate-income families are the smallest group. Among all families, 11.8 percent are below the poverty level, which represents 35.5 percent of low-income families. The relatively high poverty level indicates less opportunity to make home mortgage loans to low-income families. The higher percentage of low-income families (33.2 percent) and upper income families (29.6) highlights the diverse economic background of families in the assessment area.

Housing Characteristics

Housing units within the assessment area total 577,045, of which 40.1 percent are owner-occupied, 52.1 percent are occupied rental units, and 7.8 percent are vacant. Table 3 lists the distribution of owner-occupied housing units by tract income level. The concentration of owner-occupied units in low-income tracts is less than expected based on the number of low-income geographies in the assessment area. This limits opportunities to make home mortgage loans in these areas. Also, owner-occupied units in middle-income tracts are higher than expected based on the distribution of middle-income geographies in the assessment area.

As displayed in Table 3, the assessment area median housing value is \$406,301. Median values within assessment area cities and towns ranged between \$260,900 (Lynn) to \$632,100 (Belmont) during 2012. This suggests there are diverse economic areas within the assessment area. Generally high home values potentially limit opportunities for LMI individuals to afford homeownership in the assessment area.

Competition

As noted previously, the Bank faces significant competition within the assessment area. In 2012, HMDA data indicated there were 491 lenders in the assessment area. This included large regional and national banks, credit unions, and mortgage companies that originated 65,212 residential mortgage loans within the assessment area. For small business loans, CRA reporting captured 24,222 small business loans in 2012 in Essex, Middlesex, and Suffolk counties. This data does not include small business loans made by non-CRA reporters.

Unemployment Data

State, county, and municipal unemployment rates were obtained from the Bureau of Labor Statistics. As of December 2013, the Massachusetts unemployment rate was 7.0 percent. By comparison, the Middlesex County unemployment rate was 5.4 percent. Unemployment rates were 6.8 percent and 7.2 percent in Essex and Suffolk counties. Chelsea had the highest unemployment rate at 8.8 percent. Cambridge had the lowest unemployment rate at 4.7 percent. Overall, the assessment area has consistent unemployment levels compared to Massachusetts as a whole.

Business Demographic Data

The number of non-farm businesses in the assessment area decreased from 2012 to 2013. Opportunities to make business loans in LMI census tracts were lower than expected based on the distribution of population and geographies in the assessment area by income level. Dun & Bradstreet data revealed that 68.9 percent of businesses reported gross annual revenues (“GARs”) of \$1.0 million or less in 2012. This ratio increased slightly to 69.6 percent in 2013. In 2013, approximately 62.6 percent of all businesses in the area employed between one and four individuals, which was consistent with 2012 figures. While economic challenges during the review period may have limited credit demand from small businesses, there is a relatively high percentage of small businesses in the assessment area.

Community Contact

Two community contacts were utilized for this examination. Both contacts offered their perspectives on the needs and opportunities for involvement by financial institutions throughout the assessment area.

The first organization, located in Essex County, focuses on economic development and support of small business expansion within its service area. The contact explained that there is a need for small businesses to obtain business loans to help expand and operate their businesses. The contact mentioned that its organization originates loans to small businesses, but has limited funds. Significant credit needs exist for start-up and minority-owned businesses, as these organizations have difficulty obtaining traditional bank financing. It was noted that there are several opportunities for local institutions to become involved in the community development process, not only through financial literacy for individuals, but also through small business financial literacy, and support for youth workforce development initiatives.

The second contact, located in Suffolk County, aims to improve its community through affordable housing development and education, as well as support for local residents. The contact identified affordable rental units as the most pressing need for the area, as investors are primarily developing luxury properties with young professionals and college students as their target market. The long waiting list of affordable rental units further supports this need. According to the contact, institutions have been involved in first time homebuyer seminars. Only one local institution provides flexible financing for deed-restricted affordable housing properties. While the contact noted that more flexible financing and down payment assistance is welcome, another community development need is resident services which promote financial literacy and investment within the community.

SCOPE OF EVALUATION

This evaluation assessed East Boston Savings Bank's CRA performance utilizing the Large Bank procedures established by the FFIEC. These procedures require three performance tests: the Lending Test, Investment Test, and Service Test.

The Lending Test considered the Bank's home mortgage and small business lending. The Bank does not offer loans secured by farmland; therefore, this product line was not reviewed. Additionally, consumer loans represent only 0.3 percent of total loans, and were not included in the current lending analysis. The Bank's most recent Report of Condition and Income ("Call Report"), dated December 31, 2013, indicated that commercial lending, consisting of commercial real estate and commercial and industrial loans, represented 49.7 percent of the loan portfolio. Residential lending, including all loans secured by 1-4 family and multi-family residential properties, represented 34.8 percent of the loan portfolio, respectively. Residential lending; however, represented the majority of loan volume during the review period. Therefore, the Bank's performance for both product lines will be given equal weight in the Lending Test.

Data reviewed included all originated home mortgage loans reported on the Bank's HMDA loan application registers ("LARs") for 2012 and 2013. The LAR contains data about home purchase and home improvement loans, including refinances of 1-4 family and multi-family properties. The Bank reported 1,193 loans totaling \$495.8 million in 2012 and 801 loans totaling \$441.1 million in 2013. The Bank's 2012 home mortgage lending performance was compared against 2012 aggregate lending data; 2013 aggregate data was not available as of the evaluation date. Aggregate data includes the lending activity within the Bank's assessment area of all institutions subject to HMDA reporting.

Small business loans were also reviewed for the same period. As a Large Bank, the CRA requires East Boston Savings Bank to collect and report small business lending data. The Bank reported 123 small business loans totaling \$44.6 million in 2012 and 137 loans totaling \$52.8 million in 2013. These loan registers contain information on originated commercial real estate and commercial and industrial loans with original balances of \$1 million or less. The Bank's performance was compared to 2012 aggregate data, which includes all small business loans reported in the counties that comprise the assessment area. This excludes activity of many institutions not required by the CRA to report this data.

The Bank also collected data in 2012 and 2013 related to loans for commercial or industrial purpose secured by residential real estate. Although these loans are not eligible to be reported as small business loans, the CRA provides banks with the option to collect data related to these loans to supplement its small business lending data. The Bank made 19 loans totaling \$6.4 million in 2012 and 30 loans totaling \$9.4 million in 2013. Discussion of this loan activity occurs within the small business lending portions of the Lending Test.

The Lending Test also considered community development lending and flexible lending programs offered during the review period. Demographic information from the 2010 U.S. Census is referenced in this evaluation. Additionally, financial data was generally obtained from the December 31, 2013 Call Report, unless otherwise noted.

The Investment Test and Service Test considered the number and dollar amount of qualified investments and community development services between November 18, 2011 and April 7, 2014. Qualified investments obtained from prior periods, and remaining in the Bank's investments portfolio, also received consideration in the current evaluation.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The Lending Test evaluated the Bank's record of helping to meet the credit needs of its assessment area by considering home mortgage, small business, and community development lending. As noted in the Scope of Evaluation section, small farm and consumer loans were not included in this analysis. The institution's lending performance was evaluated pursuant to the following criteria:

- Volume of lending activity or level of lending;
- Proportion of lending within the assessment area;
- Geographic distribution;
- Borrower profile;
- Quality and volume of community development lending; and
- Use of innovative or flexible lending practices.

East Boston Savings Bank is rated "High Satisfactory" in the Lending Test. The following sections address the Bank's performance by Lending Test component throughout the assessment area.

LENDING ACTIVITY

Overall, the Bank showed good responsiveness to assessment area credit needs considering the size of the institution, loan portfolio composition, and high level of competition within the assessment area.

The LTD ratio measures the percentage of the Bank's deposit base that is reinvested in the form of loans, and evaluates its appropriateness. The Bank's average net LTD ratio was 93.0 percent and is considered reasonable given the institution's size, resources, business strategy, and assessment area credit needs.

The average net LTD ratio was calculated by averaging the Bank's nine quarterly LTD ratios since the previous CRA evaluation. The Bank's ratio was higher than the average LTD ratio of three similarly situated financial institutions analyzed as part of the evaluation. The three institutions were: Cambridge Savings Bank, Century Bank, and Middlesex Savings Bank. The similarly situated financial institutions were selected because of their similar asset size, product mix, and market area.

During the nine quarters since the previous examination, the Bank's LTD ratio displayed a general trend of growth, with a low of 83.7 percent at December 31, 2011 and a high of 100.7 percent at December 31, 2013. As noted earlier, The Bank experienced significant loan growth during the evaluation period. Deposits for the same time period increased, but at a slower pace than loans. The increase in loan growth is attributed to low interest rates, additional lending officers, and branch offices added during the evaluation period. The sale of residential loans to the secondary market also impacted the analysis of the Bank's LTD ratio.

Home Mortgage Lending

In 2012 the Bank made 779 loans for a total amount of \$310.0 million in the assessment area. In 2013 the Bank made 528 loans for a total of \$319 million. Refinance loans were the primary product for both years, which suggests the low interest rates during the review period may have driven this volume. However, both refinance and purchase loans decreased during 2013. Bank management attributes the lower volume in both categories to rates stabilizing during the review period. Lower demand and a relatively slow housing market also contributed to the declining trend during the review period.

The 2012 market share reports revealed that the Bank ranked 21st out of 491 mortgage lenders that originated or purchased home mortgage loans inside the assessment area, with a market share of 1.2 percent. Of the 20 higher ranked home mortgage lenders, the only local bank ranked higher than East Boston was Leader Bank, Arlington, Massachusetts. All others were large regional or national institutions or mortgage companies. Additionally, the Bank was ranked 1st out of 396 lenders in the assessment area, with a 9.7 percent market share in terms of multi-family originations in 2012. This information reflects well on the Bank's performance.

Small Business Lending

The Bank made 72 loans in 2012 and 103 loans in 2013 in the assessment area, which represents a 43.1 percent increase in small business loans originated. The total dollar volume of small business loans was \$27.2 million in 2012 and \$34.4 million in 2013. Additionally, in 2012 the Bank originated 14 commercial or industrial purpose loans secured by residential real estate, which increased to 21 in 2013. Although these loans are not considered small business loans, the CRA allows these loans to receive CRA consideration when considering a Bank's performance in meeting the small business credit needs of the assessment area.

Among the 123 small business lenders operating within the counties that comprise the assessment area, the Bank ranked 36th in 2012. The top-ranked institutions were large national banks and credit card issuers. Bank management indicated that a good portion of its business lending reflects loan amounts over \$1 million, which are not considered small business loans. The Bank's performance is reasonable given its size, business strategy, and comparisons to other institutions.

ASSESSMENT AREA CONCENTRATION

Overall, an adequate percentage of home mortgage and small business loans were made inside the Bank's assessment area. Using the reported HMDA and small business information, 65.9 percent of the loans were originated inside of the assessment area by number, while 66.8 percent of the dollar volume was inside the assessment area. Please refer to Table 4 for details concerning the Bank's assessment area concentration.

Table 4 – Assessment Area Concentration

Loan Category or Type	Number of Loans					Dollar Volume				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$(000s)	%	\$(000s)	%	\$(000s)
Home Mortgage Loans										
2012										
Home Purchase	246	64.7	134	35.3	380	90,254	64.8	49,118	35.2	139,372
Refinance	498	65.4	264	34.6	762	181,922	65.2	97,213	34.8	279,135
Home Improvement	35	68.6	16	31.4	51	37,811	48.9	39,464	51.1	77,275
Total	779	65.3	414	34.7	1,193	309,987	62.5	185,795	37.5	495,782
2013										
Home Purchase	207	62.0	127	38.0	334	118,451	67.2	57,917	32.8	176,368
Refinance	287	68.5	132	31.5	419	138,444	73.3	50,333	26.7	188,777
Home Improvement	34	70.8	14	29.2	48	61,904	81.5	14,014	18.5	75,918
Total	528	65.9	273	34.1	801	318,799	72.3	122,264	27.7	441,063
Total Home Mortgage	1,307	65.6	687	34.4	1,994	628,786	67.1	308,059	32.9	936,845
Small Business Loans										
2012	72	58.5	51	41.5	123	27,247	61.1	17,364	38.9	44,611
2013	103	75.2	34	24.8	137	34,352	65.1	18,400	34.9	52,752
Total Small Business	175	67.3	85	32.7	260	61,599	63.3	35,764	36.7	97,363
Other RE Secured Business Loans										
2012	14	73.7	5	26.3	19	4,935	77.0	1,475	23.0	6,410
2013	21	70.0	9	30.0	30	5,791	61.4	3,636	38.6	9,427
Total Other RE Secured BL	35	71.4	14	28.6	49	10,726	67.7	5,111	32.3	15,837
Grand Total	1,517	65.9	786	34.1	2,303	701,111	66.8	348,934	33.2	1,050,045

Source: 2012 and 2013 HMDA LARs and CRA Loan Registers

Home Mortgage Lending

The institution extended an adequate percentage of home mortgage loans by number and dollar amount inside the assessment area. Table 4 shows the composition of loans inside and outside the assessment area by loan purpose. Although 2012 volume was concentrated in refinance loans, the Bank was also active in making home purchase loans. Market share data regarding home purchase loans showed that the Bank was ranked 19th with a market share of 1.5 percent out of 396 lenders who originated at least one loan. Only large national and regional banks and mortgage companies ranked higher than East Boston Savings Bank in purchase transactions in 2012. The ratio of loans inside the assessment area was consistent in both years. Management indicated that loans outside the assessment area typically occur from referrals.

Small Business Lending

An adequate percentage of small business loans were originated inside the assessment area for the evaluation period. Additionally, a majority of other real estate secured business loans were also made inside the assessment area. The ratio of small business loans in the assessment area improved in 2013, increasing by 16.7 percent. Management stated that additional marketing efforts in the assessment area improved the Bank's visibility with local businesses, leading to increased originations.

GEOGRAPHIC DISTRIBUTION

Overall, the geographic distribution of home mortgage and small business loans reflects good dispersion throughout the assessment area. This conclusion is based primarily on the Bank's performance in the area's LMI census tracts for both products.

Home Mortgage Lending

The geographic distribution of home mortgage loans reflects good dispersion throughout the assessment area, including LMI census tracts. The Bank's home mortgage lending in low-income tracts is excellent. Table 5 shows the Bank's performance by census tract income level compared to the percentage of owner-occupied units and aggregate performance levels in 2012.

Table 5 – Distribution of Home Mortgage Loans by Census Tract Income Level						
Census Tract Income Level	% of Total Owner- Occupied Housing Units	2012 Aggregate Lending Data (% of #)	2012 Bank		2013 Bank	
			#	%	#	%
Low	8.5	7.1	102	13.1	71	13.5
Moderate	29.8	24.3	210	27.0	127	24.1
Middle	39.1	40.0	286	36.7	204	38.6
Upper	22.5	28.5	181	23.2	126	23.8
N/A	0.1	0.1	0	0.0	0	0.0
Total	100.0	100.0	779	100.0	528	100.0

Source: 2010 U.S. Census Data; 2012 and 2013 HMDA Data

As indicated in Table 5, the Bank exceeded the aggregate within low-income tracts in 2012 by a wide margin. The Bank's percentage also exceeded the percentage of owner-occupied housing units within the same low-income tracts. Management noted that it was successful in extending home mortgages to many of these areas through first-time home buyer and flexible secondary market programs. In 2013 the Bank's percentage was slightly higher than 2012 and once again exceeded the percentage of owner-occupied units in low-income tracts. However, the decline in the number of loans from 2012 to 2013 was attributed to stabilized interest rates and a slower housing market. In 2012 the Bank was ranked 13th in the assessment area, out of 267 lenders, within low-income tracts, with a market share of 2.1 percent. Only one local financial institution (Leader Bank) ranked higher than East Boston Savings Bank.

In 2012, the Bank also exceeded the aggregate within moderate-income census tracts, but was below the percentage of owner-occupied housing units. In 2013, the number of originations in the moderate-income tracts declined from the 2012 totals. The Bank's performance in both years was below the percentage of owner-occupied housing units. Despite the declining trend, the Bank's performance in moderate-income geographies is reasonable. Management indicated that it expects lending in these areas to grow based on the Bank's offering of flexible programs, including those offered by MassHousing.

It was also noted that the Bank did well in lending to non-owner occupied investment borrowers in LMI areas. Some of these properties provide affordable rental housing to low- and moderate-income individuals.

Small Business Lending

Small business lending reflects excellent dispersion throughout the assessment area, including LMI geographies. Table 6 illustrates the Bank's performance in 2012 and 2013, as well as the distribution of businesses for the same years and 2012 aggregate performance levels at the county level.

Table 6 – Distribution of Small Business Loans by Census Tract Income Level							
Census Tract Income Level	2012 % of Total Businesses	2012 Aggregate Lending Data (% of #)	2012 Bank		2013 % of Total Businesses	2013 Bank	
			#	%		#	%
Low	13.8	7.1	6	8.3	13.8	21	20.4
Moderate	24.0	16.8	29	40.3	23.8	40	38.8
Middle	26.3	38.0	26	36.1	26.2	30	29.1
Upper	35.2	35.8	11	15.3	35.5	11	10.7
N/A	0.7	2.3	0	0.0	0.7	1	1.0
Total	100.0	100.0	72	100.0	100.0	103	100.0

Source: 2012 and 2013 D&B Business Data; 2012 and 2013 CRA Registers, 2010 U.S. Census data

For low-income census tract originations, the Bank's performance exceeded the aggregate lending performance. In 2013, performance increased in both proportion and number, exceeding the 2013 percentage of total businesses. Small business lending to low-income geographies is strong based on the solid performance in 2012 and positive trend in 2013. The increase in number of loans from 2012 to 2013 is attributed to the Bank's focus on commercial loans, as well as increased staff and resources.

The Bank's performance for moderate-income census tract originations significantly exceeded aggregate lending in 2012. The number of originations increased in 2013; however, the percentage of loans in moderate tracts declined slightly. Nonetheless, the performance in both years significantly exceeded the percentage of total businesses in moderate income geographies.

Market share reports for 2012 small business lending include all loans reported within the full counties that are captured in the Bank's assessment area. The Bank ranked 31st in low-income tract lending and 27th in moderate-income tract lending. Both rankings exceeded the Bank's performance for total small business lending, which has a positive effect on the criterion rating.

Although not captured in Table 6, there were 9 out of 14 residential secured business loans originated in LMI census tracts. The performance was even better in 2013, with 19 out of 21 loans originated in LMI geographies. This further establishes the Bank's strong dispersion of small business loans.

BORROWER CHARACTERISTICS

Overall, the distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration of borrowers of different income levels and businesses of different sizes throughout the assessment area. Conclusions were primarily based on the Bank's performance in lending to LMI individuals and small businesses.

Home Mortgage Lending

The distribution of borrowers reflects, given the demographics of the assessment area, adequate penetration among individuals of different income levels, including low- and moderate- income. Table 7 illustrates the Bank's 2012 and 2013 residential loans by borrower income, along with the percentage of families in each income category and the 2012 aggregate market percentages.

Table 7 – Distribution of Home Mortgage Loans by Borrower Income Level						
Income Level	% of Total Families*	2012 Aggregate Lending Data (% of #)	2012 Bank		2013 Bank	
			#	%	#	%
Low	33.2	5.2	47	6.0	28	5.3
Moderate	17.8	17.8	166	21.3	89	16.9
Middle	19.4	25.2	193	24.8	126	23.9
Upper	29.6	38.6	283	36.3	176	33.3
Income NA	0	13.2	90	11.6	109	20.6
Total	100.0	100.0	779	100.0	528	100.0

Source: 2010 U.S. Census Data; 2012 and 2013 HMDA Data

As reflected in Table 7, the Bank's percentage of loans to low-income borrowers in 2012 slightly exceeds the aggregate lending performance. The number of loans to low-income borrowers decreased in 2013, although the percentage of loans was fairly consistent to 2012. In both years, the Bank's percentages were below the percentage of low-income families in the assessment area. It is noted that many low-income borrowers would have difficulty qualifying for mortgage loans in the assessment area. More than a third of low-income families in the assessment area have incomes below the poverty level.

Table 7 also shows that the Bank exceeded the aggregate market in terms of ratio of loans made to moderate-income borrowers in the assessment area in 2012. Both the number and percentage of loans to moderate-income borrowers decreased in 2013 and was slightly lower than the percentage of moderate-income families. The number and percentage of loans to all income levels decreased in 2013, with the exception of borrowers where income was not available. According to Bank management, these figures reflect the market-wide decrease in refinance loans in 2013, as well as a relatively inactive housing market. As noted previously, the Bank is active in making loans to investors in multi-family residential real estate. These types of borrowers primarily comprise the group of loans for which income was not available.

The Bank ranked 17th out of 219 lenders in lending to low-income borrowers in the assessment area in 2012. In terms of moderate-income borrowers, the Bank ranked 19th out of 327 lenders in

the assessment area. Only two other local financial institutions (Leader Bank and Sage Bank) were ranked higher, with the balance of lenders being national banks and mortgage companies.

Small Business Lending

With respect to small business loans, the Bank's performance reflects adequate penetration to businesses of different sizes, given the demographics and aggregate lending performance in the assessment area. Emphasis is placed on loans to businesses with GARs of \$1 million or less. Table 8 provides details of this analysis.

Table 8 – Distribution of Small Business Loans by Gross Annual Revenues (GARs)							
GAR \$(000)	2012 % of Total Businesses	2012 CRA Aggregate Data	2012 Bank		2013 % of Total Businesses	2013 Bank	
			#	%		#	%
≤ \$1,000	69.0	40.2	37	51.4	69.6	43	41.8
> \$1,000	5.5	NA	35	48.6	5.9	59	57.2
Not Reported	25.5	NA	0	0	24.5	1	1.0
Total	100.0	100.0	72	100.0	100.0	103	100.0

Source: 2012 and 2013 D&B Business Data; 2012 and 2013 CRA Registers

In 2012, the Bank made 51.4 percent of all small business loans, by number, to businesses with GARs of \$1 million or less. This performance exceeded the distribution of loans made by CRA data reporters to small businesses, but was less than the percentage of small businesses in the assessment area. Performance levels for 2013 increased by number, but were lower by percentage. Given the comparison to aggregate lending, the Bank's lending to small businesses is adequate.

COMMUNITY DEVELOPMENT LENDING

East Boston Savings Bank is a leader in originating community development loans that respond to the needs of the assessment area. During the evaluation period, the Bank made or renewed 36 community development loans for a total of \$117.7 million. This performance represents a significant increase in number and dollar amount since the previous evaluation, when the Bank reported 11 loans, totaling \$23.3 million. The community development loans identified at the current evaluation were distributed to a variety of organizations, primarily for the purposes of affordable housing and economic development.

The record of community development lending is detailed in Table 9.

Table 9 – Community Development Loans

Activity Year	Qualifying Category										Totals	
	Affordable Housing*		Community Services*		Economic Development		Revitalization or Stabilization**		Neighborhood Stabilization Projects			
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)
2012	8	4,601	1	100	1	7,400	2	4,000	0	0	12	16,101
2013	17	27,134	0	0	1	10,000	5	63,500	1	1,000	24	101,634
Total	25	31,735	1	100	2	17,400	7	67,500	1	1,000	36	117,735

Source: Bank Records

*Targeted to Low- or Moderate Income Individuals

**Of Low- or Moderate-Income, Disaster, Distressed, or Underserved Geographies

The following originations are a representative sample of the Bank's community development record:

2012

- The Bank originated a \$1.0 million loan to refinance a 34-unit apartment building in a low-income census tract in Lynn. The majority of the units are affordable and provide housing to low-income individuals.
- In 2012, the Bank financed a \$2.4 million loan to a local baking company in Salem, Massachusetts to assist with the refinancing of equipment. Additionally, a \$1.0 million loan was originated to assist with the purchase of new equipment for future expansion. Both loans allowed the business to expand and created jobs for LMI individuals. Discussions with Bank management revealed that approximately 75 percent of the jobs are low- or moderate-income.
- The Bank originated a \$4 million line of credit to the local baking company noted above to aid in working capital. The funds assist with the continued expansion of the business. Through bank financing in recent years, these loans have helped create jobs for low-and moderate-income individuals. The company has grown from 16 employees to nearly 90 employees. As stated previously, approximately 75 percent of the jobs are low- or moderate-income.
- The Bank originated a \$635,000 loan for the purchase of two six-unit apartment buildings located in a low-income census tract Lynn. The buildings will provide affordable housing to low-income individuals.

2013

- The Bank originated a \$2.5 million loan for a 40B project associated with the development of affordable units in the assessment area. The project contained 30 units, 8 of which were slated for LMI residents. This results in a CRA qualified amount of \$675,000.
- The Bank originated two loans totaling \$7.5 million for the construction of a 40B project associated with the development of affordable units located in Danvers. Approximately 25 percent of the units were slated for low- or moderate-income individuals, resulting in a final CRA qualified amount of \$1.9 million.
- The Bank originated a \$10.0 million economic development loan on 500,000 square feet of commercial space located in a low-income census tract in Lynn. The loan was to refinance and help create additional production and inventory storage. The loan assisted the current tenants' expansion, leading to permanent job creation and stabilization of the area.
- The Bank provided \$14.0 million in financing for the purpose of building office space in a vacant mill building located in Lawrence, Massachusetts. The area was targeted for revitalization and stabilization. This building is located in a low-income census tract. The project revitalized this low-income area by attracting new businesses. Although Lawrence is just outside the assessment area, the Bank receives credit since it has been responsive to the needs and opportunities within its assessment area. All 18 census tracts in the City of Lawrence are LMI. This area has significant community development needs and opportunities
- The Bank originated a \$13.0 million loan in Lawrence for the purchase of another nearby mill building. The area was targeted for revitalization and stabilization. The area is primarily low- or moderate-income. The Bank receives full CRA credit for this loan although it is outside the assessment area. Please refer to the previous write up for additional information on the area.
- The Bank originated an \$11.5 million loan to a local municipal housing authority in the assessment area to make energy efficiency improvements to its public housing units. The units primarily serve low- or moderate-income individuals and families. A second loan was granted for \$1.5 million to further restore and maintain affordable housing in the assessment area.

INNOVATIVE OR FLEXIBLE LENDING PRACTICES

This criterion includes all innovative and flexible lending activities since the prior evaluation, covering from November 18, 2011 through April 7, 2014. The Bank makes use of innovative and flexible lending programs to assist in meeting the credit needs of its assessment area. The majority of programs involve government-related subsidies and guarantees, in addition to some internal programs. It is noted that the Bank created special programs in an attempt to meet specific needs of low- or moderate-income individuals or areas. The following descriptions highlight the innovative and flexible loan programs offered by the Bank.

Consumer Lending Programs

The Bank continues its small dollar loan program “Credit Builder.” This program was established to assist individuals with no credit history or poor credit histories. The loan amounts range from \$1,000 to \$3,000, with an interest rate of 6.0 percent. Loan maturities are from 12 to 36 months, with the funds being deposited into a Credit Builder savings account. During the repayment of the loan, the borrower may withdraw excess funds that become available during the term of the loan.

These loans are reported to the major Credit Bureaus which establish payment histories and establish credit records. Establishing positive credit records provides many LMI individuals with access to traditional credit products that they previously did not qualify for. This internally developed program is responsive to the specific needs of the assessment area, which includes a high percentage of low-income families and individuals.

The Bank originated 162 loans totaling \$235,000 in 2012 and 206 loans totaling of \$281,500 in 2013.

Home Mortgage Lending Programs

East Boston Savings Bank offered several home mortgage loan products over the evaluation period that provided flexible terms for LMI borrowers.

- *MassHousing – Right Rate Program* – An affordable 30-year fixed-rate loan for first-time or repeat homebuyers, this product is primarily geared to assist LMI borrowers. Along with a reduced rate, the product offers a low down payment, flexible underwriting, and payment protection services. The Bank originated 22 loans for a total of \$5.3 million in 2012 and 37 loans for a total of \$9.0 million in 2013.
- *MassHousing First Time Home Buyer programs* – The Bank offered several first-time home buyer programs through MassHousing, such as Home of the Brave, Take the T, and Live Where You Work. These loans are fixed-rate portfolio loans with insurance provided by MassHousing. During the review period, the Bank originated 100 loans under these programs for a total of \$25.9 million.
- *Federal Housing Authority (“FHA”) Mortgages* – A FHA refinance mortgage loan allows for the refinance or purchase of a home with a low down payment. These loans are appropriate for a first-time homebuyer. The bank originated 17 loans totaling \$5.1 million in 2012. Due to lack of FHA-experienced staff in 2013, the Bank originated only 2 mortgage loans totaling \$736,000. The Bank hired experienced FHA staff in 2014 and plans to increase FHA loan originations going forward.
- *City of Boston Financial Assistance Program*
The Bank participates in the City of Boston’s Financial Assistance Program, which offers up to 3 percent of the purchase price in down payment assistance for the purchase of a 1-3 family home for income-qualified borrowers. Homebuyer counseling is a required component to qualify for this assistance, and buyers must obtain financing through a participating lender. In 2012 the Bank made 7 residential loans that included down payment assistance from this program in the amount of \$45,234. In 2013, the Bank made 9 loans, in the amount of \$93,047.

Small Business Lending Programs

In addition to its standard commercial loan programs, the Bank also offers the following flexible small business loan programs.

- The Bank is an SBA Preferred Lender. There are a number of financing programs available that provide flexible terms, which otherwise would not be available to businesses through normal channels. These SBA programs provide financing solutions for purposes such as buying or starting a business, expanding, renovating, and equipment purchases. During the review period the bank granted three SBA loans totaling \$890,000.

INVESTMENT TEST

The Investment Test evaluates the institution's record of helping to meet credit needs through qualified investments that benefit the assessment area or a broader statewide or regional area that includes the Bank's assessment area. A qualified investment is defined as a lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Community development purposes include those that either: 1) provide affordable housing for low- or moderate- income individuals or areas; 2) provide community services targeting low- or moderate-income individuals or areas; 3) promote economic development by financing small businesses; 4) revitalize or stabilize low- or moderate-income geographies; or 5) support, enable or facilitate eligible projects or activities in accordance with the Neighborhood Stabilization Plan. Activities considered under the Lending or Service Test may not be considered under the Investment Test.

The institution's investment performance is evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and 4) the degree to which the qualified investments are not routinely provided by private investors. Per the regulation, qualified investments considered in this evaluation include all those acquired or made since the previous CRA examination, as well as those made in prior periods and still held by the institution.

The Institution's Investment Test performance is "Satisfactory." The Bank had an adequate level of qualified investments, although rarely using innovative or complex initiatives. These investments provided adequate responsiveness to credit and community development needs. The Bank's qualified investments have community development purposes that benefit communities throughout the entire assessment area.

QUALIFIED INVESTMENTS

The amount of the Bank's total qualified investments, commitments, and grants is \$6.1 million. This total includes \$5.7 million in debt security investments and \$378,865 in qualified grants and donations. The Bank did not acquire any new investments since the last evaluation.

Equity Investments

Qualified investments total \$5.7 million, and represent approximately 2.8 percent of the Bank's total investment portfolio. This represents a decrease of 23.0 percent from the Bank's performance at the previous evaluation. The nine debt security investments primarily supported affordable housing activities. The detail on the investment is described below. New investments receive credit for the full purchase amount, while existing investments receive credit for the current book value. The Bank provided book values as of January 31, 2014.

MassHousing – The Bank obtained nine qualified investments in 2010 and 2011 through MassHousing. A debt security instrument, MassHousing uses the invested funds to support the creation, preservation, and viability of affordable homeownership and rental housing opportunities for Massachusetts residents with modest incomes. The majority of these residents are low- or moderate-income individuals. The investments serve the broader statewide area, including the assessment area.

Charitable Contributions

The Bank makes qualified donations directly and through their Mount Washington Bank and East Boston Savings Bank foundations. The Bank donated approximately \$794,474 to charitable organizations from the previous evaluation through April 7, 2014. Of this total, \$378,865 (47.7 percent) was qualified for CRA purposes. All qualified grants and donations benefitted the Bank's assessment area or the broader statewide or regional area including the Bank's assessment area. These funds primarily supported organizations that provide community services to LMI individuals and families. Qualified donations for 2012 and 2013 represented 1.1 percent and 0.9 percent of the Bank's pre-tax net operating income, respectively.

Table 10 details all qualified donations made during the review period by year and community development category.

Table 10 – Community Development Grants and Donations												
Activity Year	Qualifying Category										Totals	
	Affordable Housing*		Community Services*		Economic Development		Revitalization or Stabilization**		Neighborhood Stabilization Projects			
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
2012	10	8,450	130	144,135	3	1,900	2	1,250	0	0	145	155,735
2013	13	7,600	118	207,930	3	1,600	1	1,000	0	0	135	218,130
1/1/14 – 4/7/14	0	0	1	5,000	0	0	0	0	0	0	1	5,000
Total	23	16,050	249	357,065	6	3,500	3	2,250	0	0	281	378,865

Source: Bank Records

*Targeted to Low- or Moderate-Income Individuals

** In Low- or Moderate-Income, Disaster, Distressed, or Underserved Geographies

The following is a sample of organizations supported by the Bank and the foundations.

DotWell – The mission of DotWell is to provide high-quality community services to residents of Dorchester. Working in collaboration with Codman Square Health Center and the Dorchester House Multi-Service Center, DotWell provides a range of services including adult education, free tax preparation and credit coaching, as well as youth workforce development. The majority of these services are provided within LMI areas and to LMI individuals.

Haven From Hunger Peabody – This organization distributes emergency food to families throughout Peabody, Salem and Lynnfield. Over 100 people are served on a daily basis as a result of the organization's efforts. While there are no strict income guidelines for care, the focus of the organization is centered upon LMI individuals who cannot afford food along with other basic necessities.

Boys & Girls Clubs of Middlesex County – An organization that provides social, educational, physical and cultural programming for boys and girls throughout Middlesex County regardless of ability to pay. The intent of these programs is to enhance the development of children and to prepare young adults to be responsible and productive members of the community. Approximately 67 percent of the members of the area clubs are eligible for free or reduced-price lunch. In 2013, the East Boston Savings Bank Foundation made a donation to assist in the purchase of new furniture for the Somerville and Medford clubs.

United South End Settlements (USES) – The mission of this organization is to build a strong community by improving the education, health, safety and economic security of low-income individuals and families in Boston's historic South End and Lower Roxbury. USES pursues this goal through a variety of afterschool programs, workforce development initiatives, and senior services.

Housing Families Inc. – The organization's mission is to prevent homelessness by providing services to all family members as well as securing affordable housing for those in need. In addition to emergency shelters and supportive residential services for near homeless individuals, Housing Families Inc. also provides children and parents social services, including afterschool programs, counseling, and parenting skills classes. Additionally, the organization develops and maintains housing throughout the Greater Boston area to provide affordable housing resources for eligible LMI families.

Neighborhood of Affordable Housing Inc. (NOAH) – This organization is an East Boston-based community development corporation structured to collaborate with and support residents and communities in their pursuit of affordable housing strategies, community planning, and economic development opportunities. Along with affordable real estate development, NOAH provides Massachusetts residents with senior housing repair services, rental housing counseling, foreclosure prevention services, and first-time homebuyer classes. The majority of the individuals served are low- or moderate-income.

Deborah J. Jackson Scholarship – In honor of the memory of former President Deb Jackson, East Boston Savings Bank established a memorial scholarship for a graduating East Boston High School student. The majority of East Boston High School students qualify for free or reduced priced lunch, which conveys their economic status. Additionally, 11 of the 12 census tracts in East Boston are low- or moderate-income.

RESPONSIVENESS TO COMMUNITY DEVELOPMENT NEEDS

The Bank's qualified investments reflect adequate responsiveness to credit and community economic development needs of the assessment area. These investments primarily respond to credit needs of existing and potential homeowners who are LMI, followed by community services targeted to LMI individuals. The Bank's qualified investments generally did not respond to small business credit needs.

INNOVATIVE OR COMPLEX INITIATIVES

The Bank rarely uses innovative or complex investments. The Bank's investments consisted of debt securities and grants or donations.

SERVICE TEST

The Service Test evaluates the institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. The Institution's Service Test performance is rated "High Satisfactory."

The Bank's branches are accessible and well distributed throughout the assessment area. Since the previous examination, the Bank opened four new branches within its assessment area, and allowed customers to conduct basic banking transactions online and through their internet-enabled smart phones. The Bank continues to be involved in its community by providing services targeted towards low- and moderate- income individuals throughout its assessment area, both in the City of Boston and its surrounding suburbs. Senior management and staff are also involved in the community by serving in leadership positions at local community development organizations that make use of their technical expertise in banking and finance. The following section highlights the Bank's efforts to engage and educate their community, while providing it convenient access to key banking products and services.

RETAIL BANKING SERVICES

The institution's retail banking services are evaluated pursuant to the following criteria:

- 1) the distribution of the institution's branches among geographies of different income levels;
- 2) the record of opening and closing branches, particularly branches located in low- and moderate- income geographies or that primarily serve low- and moderate- income individuals;
- 3) the availability and effectiveness of alternate systems for delivering retail banking services; and the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The Bank's retail services are accessible to essentially all customers, including LMI individuals and residents of LMI geographies in the assessment area. Bank services include traditional deposit products, which are available online, as well as residential and commercial loan products.

Changes in branch locations improved the accessibility of services, and banking hours and services do not vary in way that inconveniences any portion of the assessment area.

Accessibility of Delivery Systems

The Bank's delivery systems are accessible throughout the assessment area. Bank locations are distributed in such a way that no portion of the assessment area is inconvenienced. Alternative delivery systems, through multiple online channels, give customers 24/7 access to their accounts.

Distribution of Branches

The Bank currently operates 27 branches in the greater Boston area. Of these branches, 9 continue to operate under the name of Mount Washington Bank, which was acquired by East Boston Savings Bank in July 2009. Mount Washington Bank is now a division of East Boston Savings Bank. The geographic distribution of the Bank's retail branches are detailed in Table 11 below.

Table 11 – Distribution of Branches and ATMs				
Census Tract Income Level	Percent of Tracts	Percent of Population	Branches	
			#	%
Low	20.2	19.3	3	11.1
Moderate	31.2	34.5	10	37.0
Middle	27.8	30.7	5	18.5
Upper	17.3	15.4	9	33.4
NA	3.5	0.1	0	0.0
Total	100.0	100.0	27	100.0

Source: Bank Records

Alternative Delivery Systems

- **Automated Teller Machines** – The Bank maintains five additional freestanding ATMs in addition to at least one in each aforementioned branch location. There is one ATM in a low-income tract and one in a moderate-income tract. The Bank also belongs to the Allpoint Network of ATMs, giving customers free access to 55,000 ATMs around the world.
- **Debit Cards** – EBSB offers the Visa Debit Card. It allows cardholders to pay for purchases at merchant locations that accept Visa and have the funds deducted directly from their EBSB checking account at no charge.
- **Online Banking** – The Bank offers free online checking services for both EBSB and MWB customers. Customers are able to pay bills online, view balances, transfer funds, and set up account alerts. Customers can also open accounts online, a new service since the previous examination.
- **Mobile Banking** – The Bank offers a mobile application for EBSB and MWB customers for personal and business accounts which is available for free through Google Play and the Apple App Store. Customers are able to manage deposits, make transfers and pay bills through their internet-enabled smart phones. The mobile banking application is a new addition since the previous examination.
- **Telephone and Mail Banking** – The Bank continues to offer banking services over the phone and through the mail.

- Second Language Capabilities – The Bank employs 87 individuals that speak a foreign language; in total 29 languages are represented. Employees speak a wide variety of languages, including Cape Verdean Creole, French, Italian, Portuguese, Spanish, and Vietnamese.

Changes in Branch Locations

To the extent changes have been made, the institution's record of opening and closing branches improved the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals.

Since the previous public evaluation the Bank opened four branches, one each in Belmont, Somerville, Allston, and Cambridge. The Somerville branch is located in a low- income census tract; the Allston branch is located in a moderate-income tract, while the Belmont and Cambridge branches are located in upper-income tracts. The Belmont, Somerville, and Cambridge branches opened under the East Boston Savings Bank name, while the Allston branch opened under the Mount Washington Bank name. The Cambridge location opened in 2012, followed by the other three branches that opened at various points in 2013.

The Bank did not close any branches since the previous evaluation.

Reasonableness of Hours/Services

Services and business hours do not vary in a way that would inconvenience any portion of the assessment area, particularly LMI geographies or individuals. The Bank's hours of operation are convenient and comparable to other local area institutions. A majority of the Bank's branches are open from 8:30 a.m. to 4:00 p.m. during the week and generally offer extended hours on one of those days until 6:00 p.m. Additionally, a majority of branches offer Saturday hours between 9:00 a.m. to 12:30 p.m., and 12 branches offer extended drive- up hours. Drive-up locations are not concentrated in any particular income designation.

COMMUNITY DEVELOPMENT SERVICES

The institution's community development services are evaluated pursuant to the following criteria:

- 1) The extent of community development services offered and used;
- 2) The innovativeness of community development services, including whether they serve LMI customers in new ways or serve groups of customers not previously served;
- 3) The degree to which they serve LMI areas or individuals; and
- 4) The responsiveness to available opportunities for community development services.

The CRA regulation defines a community development service as a service that is primarily for community development purposes and is related to the provision of financial expertise. The institution provides a relatively high level of community development services.

Officer Involvement

The following descriptions are a representative sample of the organizations supported by Bank officers.

Citizens for Adequate Housing – This organization works to end homelessness by providing temporary housing for homeless families, sober transitional housing, and affordable housing for low- income families. Serving Peabody and its surrounding area, the organization owns 16 units for affordable rental units, 8 units for transitioning sober-living and 6 units for homeless families. A Vice President serves on the Housing Committee and the Finance Committee of the organization.

Dorchester Bay EDC – The mission of this organization is to address issues related primarily to affordable housing and other economic development goals in Boston’s Dorchester neighborhood, an area with predominately low- and moderate-income tracts. The organization has affordable properties available for rent throughout Dorchester and also offers services for homeowners such as loans for de-leading. A Vice President serves on the organization’s Credit Committee, and provides feedback on portfolio quality and underwriting standards.

Urban Edge – This organization is dedicated to developing affordable housing and rentals and providing small business assistance and home ownership education in Jamaica Plain and Roxbury. Urban Edge offers classes on first-time home buying, foreclosure prevention, and Section-8 to homeownership. The majority of census tracts in Jamaica Plain and Roxbury are low- and moderate-income. An Assistant Vice President serves on the Board of Directors as well as the Micro Loan Committee, providing technical expertise to the organization.

Massachusetts Coalition for the Homeless – This organization is committed to ensuring that everyone has a place to call home. The Coalition works to address this issue on three fronts: provide bridges over short-term crisis, ensure adequate and appropriate shelter if homelessness is unavoidable, and advocate for long-term solutions to the housing crisis, promoting government support for income and housing resources so that all Massachusetts residents can obtain and maintain safe, affordable housing. The majority served are LMI. A Vice President serves on the Board of Directors.

Danvers Affordable Housing Trust – This government organization strives to create and preserve affordable housing in Danvers for low- and moderate- income individuals. The organization also produces an affordable housing needs assessment and offers information regarding first-time home buyer programs. A Bank Vice President serves as a Trustee of the Board.

Danvers Council on Aging – The Danvers Council on Aging provides services that enhances the well-being of Danvers residents aged 60 and above. The council is funded through local, state, and federal grants as many of the residents are living on fixed incomes, primarily relying on Social Security. The majority served are LMI. A Bank Vice President serves on the Board of Directors.

East Boston Chamber of Commerce – This organization strives to promote economic development and growth in East Boston, a neighborhood with predominantly low- and moderate-income tracts. Of the 12 census tracts in East Boston with income designations, 5 are low-income and 6 are moderate-income. The Chamber of Commerce works to develop small businesses in the area by providing technical expertise and workshops in marketing and finance, which brings revitalization and stabilization to the community. A Bank Vice President serves as the Treasurer of the organization.

East Boston Social Centers – This organization offers a free after-school program that aims to serve East Boston's at-risk youth. The organization's free after-school program serves primarily low-income families; approximately 80 percent of participants are low-income. The majority of the geographies in East Boston are LMI. An Assistant Vice President serves on the organization's Board of Directors and Finance Committee. The former President of the Bank also served in a senior role at the organization during the evaluation period.

Educational Seminars

The Bank provided financial education seminars on household finance, first-time home buying, and credit building. The Bank has been very active in reaching out to various community groups to encourage local LMI residents to improve their financial skills. The Bank provided the following financial literacy presentations during the review period:

- *Roxbury Community College: Money Matters* – Two financial literacy courses at Roxbury Community College. An Assistant Vice President participated in two Money Matters presentations in January and March of 2014. The main objective of the workshop was to teach students about the basics of budgeting and saving. Course attendees were primarily low- or moderate-income.
- *Massachusetts Affordable Housing Alliance (MAHA)* – Two first-time home buyer seminars were conducted in concert with this organization in 2012. An Assistant Vice President presented information related to all steps of the mortgage process, including: prequalification, down payments, closing costs, and private mortgage insurance.
- *Urban Edge* – These presentations, conducted in 2012 and 2013, introduced students to the basics of credit and a FICO score. The presentation explained how to maintain and improve a solid credit score. The presentations were targeted to LMI individuals.

Additionally, the Bank taught financial literacy courses at the Asian American Civic Association, Pine Street Inn, Tufts Medical Center Wellness Week, and the Future Hope Apprentice in Dorchester during the review period. These presentations included information on building and maintaining a strong credit score through responsible credit card utilization and budgeting. The courses were targeted to LMI individuals.

Other Services

Interest on Lawyers Trust Accounts (IOLTA) – Under an agreement with the Massachusetts Bar Association, interest paid on these accounts is used to provide legal assistance to LMI individuals. Programs funded through IOLTAs in Massachusetts provide legal assistance to over 100,000 individuals across the State. IOLTA continues to be the primary source for consumer, family,

education, disability, and elder law services for low-income clients. As of March 2014, the Bank had 147 IOLTA accounts with total balances of \$12 million. The interest earned on these accounts since the previous examination is \$41,726.

Electronic Transfer Account (ETA) – The Bank continues to provide ETAs for customers who receive a federal benefit, wage, salary, or retirement check and have a derogatory NCPS or ChexSystems report that prevents them from opening a traditional deposit account. The account requires direct deposit of the federal funds, but does not require a minimum daily balance or minimum to open. The monthly fee is \$3.00, with four free transactions at EBSB ATMs and unlimited POS transactions per month. The Bank currently has 13 accounts.

Boston Earned Income Tax Campaign (EITC) – The City of Boston provides LMI individuals with free tax preparation through partnerships with both corporations and non-profit groups. The Bank participated in the EITC by opening free checking accounts for low- and moderate-income residents of Boston, allowing them to deposit their tax refund electronically through a direct deposit. The Bank offered this service in both English and Spanish.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The Bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A
Fair Lending Policies and Procedures

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106.

FAIR LENDING REVIEW

East Boston Savings Bank's fair lending controls are evident within its policies and procedures, namely the Loan Policy. All lending employees (residential and commercial), as well as members of the Collections Department, are provided with online fair lending training appropriate to their job descriptions and their responsibilities in fair lending issues. The underwriting and decision making process is centralized. Additionally, all residential, consumer, or commercial loan applications slated for denial undergo a secondary review.

Any exceptions to underwriting are reviewed on a monthly basis, and the Bank conducts a quarterly pricing analysis to ensure that pricing is uniformly applied to all customers. Audits utilize side-by-side fair lending review procedures for denied and approved loans.

No violations of the substantive provisions of the Equal Credit Opportunity Act or related laws and regulations were identified during the examination.

MINORITY APPLICATION FLOW

According to the 2010 U.S. Census Data, the Bank's assessment area contained a total population of 1,343,170 individuals, of which 42.2 percent are minorities. The assessment area's minority and ethnic population consists of 14.2 percent Black/African American, 8.4 percent Asian/Pacific Islander, 0.2 percent American Indian, 15.8 percent Hispanic, and 3.7 percent Other.

The Bank's performance was comparable to the aggregate performance for minority applicants in 2012. The Bank received 11.2 percent of applications from racial minorities in 2012, compared to the aggregate level of 11.6 percent. The Bank received 5.2 percent of applications from Hispanic or Latino applicants (as well as joint applications), which is above the aggregate level of 4.5 percent. With regards to originations, approximately 63.1 percent of minority applications resulted in originations. Of the 52 applications from the Hispanic or Latino ethnic group 60.1 percent resulted in originations. The Bank approved minority and Hispanic applicants at a similar rate when compared to the aggregate lending figure, at 66.6 and 58.5 percent, respectively.

Table 12 – Minority Application Flow					
RACE	Bank 2012		2012 Aggregate Data	Bank 2013	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.2	1	0.2
Asian	23	2.3	6.0	24	3.8
Black/ African American	70	7.0	3.8	39	6.1
Hawaiian/Pacific Islander	14	1.4	0.2	7	1.1
2 or more Minority Races	0	0.0	0.0	0	0.0
Joint Race (White/Minority)	4	0.4	1.4	10	1.6
Total Minority	111	11.2	11.6	81	12.7
White	720	72.4	62.7	421	65.8
Race Not Available	163	16.4	25.9	138	21.6
Total	994	100.0	100.0	640	100.0
ETHNICITY					
Hispanic or Latino	43	4.3	3.7	34	5.3
Not Hispanic or Latino	780	78.5	69.8	461	72.0
Joint (Hisp/Lat /Not Hisp/Lat)	9	0.9	0.8	6	1.0
Ethnicity Not Available	162	16.3	25.7	139	21.7
Total	994	100.0	100.0	640	100.0

In 2013, the Bank performance showed slight improvement. For minority application flow, the proportion of applicants increased to 12.7 percent for racial minorities and 6.3 percent for Hispanic and joint applications. The 2013 origination rates increased to 76.5 percent for racial minorities, and 77.5 percent for Hispanic and joint originations.

The Bank's performance is reasonable.

APPENDIX B GENERAL DEFINITIONS

GEOGRAPHY TERMS

Block: Small areas bounded on all sides by visible features such as streets, roads, streams or rail road tracks, and invisible features like city or town boundaries or property lines. Blocks are subdivisions of census tracts or block numbering areas (BNA), and are assigned a unique three-digit number.

Block Group: Clusters of blocks within a census tract or BNA, having a four-digit number and a three-digit suffix. The four-digit number corresponds to the same number given to the census tract or BNA in which it is located.

Block Numbering Areas (BNAs): Statistical subdivisions of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. BNAs do not cross county lines.

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Primary Metropolitan Statistical Area (PMSA): A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

Consolidated Metropolitan Statistical Area (CMSA): The larger area of which PMSAs are component parts.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural

classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

Rural Area: Territories, populations and housing units that are not classified as urban.

HOUSING TERMS

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

INCOME TERMS

Median Income: The median income divides the income distribution into two equal parts, one has incomes above the median and other having incomes below the median.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

Family Income: Includes the income of all members of a family that are age 15 and older.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

HUD Adjusted Income Data: The US Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent US Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

Small Business Loan: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

APPENDIX C

INVESTMENT DEFINITIONS

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. The equity investments are subject to limits specified by the bank's regulator. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community as well as to the financial and marketing needs of the bank. A CDC may purchase, own, rehabilitate, construct, manage and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization. Any real estate ownership should generally be temporary, with ownership reverting to members or organizations in the community.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. They procure loans and investments that conventional financial institutions are unable to invest in, and they link financing to other developmental activities. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. CDFIs share a common mission and can be chartered as a credit union or bank. CDFIs can also be unregulated nonprofit institutions that gather private capital from a range of social investors for community development lending or investing. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, microenterprise funds, and community development venture capital funds. A certified CDFI must meet eligibility requirements, which include: having a primary mission of promoting community development; serving an investment area or target population; providing development services; maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means; and not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Low Income Housing Tax Credits: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended, which is administered by the US Department of the Treasury and the Internal Revenue Service. The US Treasury Department, through the Internal Revenue Service, distributes low-income housing tax credits to housing credit agencies. The housing agencies allocate tax credits on a competitive basis. Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits or sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains in place throughout the compliance period, usually 30 years.

Qualified Investments: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development to support

the following endeavors: 1) affordable housing; 2) community services targeting low- and moderate-income individuals; 3) activities that promote economic development by financing small farms and small businesses; and 4) activities that revitalize or stabilize low- and moderate-income geographies.

APPENDIX D

STANDARD PE LANGUAGE

LENDING TEST

Scope of Test

The lending test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by considering an institution's home mortgage, small business, small farm, and community development lending. The institution's lending performance is evaluated pursuant to the following criteria: 1) the volume of lending activity; 2) the proportion of lending within the assessment area(s); 3) the dispersion of loans and the number and amount of loans in low-, moderate-, middle- and upper-income geographies in the assessment area(s); 4) the distribution of loans among borrowers of low-, moderate-, middle- and upper-income levels and businesses (including farms) of different sizes; 5) the distribution of small business and small farm loans by loan amount at origination; 6) the volume of community development lending; and 7) the use of innovative or flexible lending practices. Performance under the lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

Community Development Lending:

Performance Criteria

The institution's community development lending activities are evaluated pursuant to the following criteria: 1) the extent to which community development lending opportunities have been made available to the institution; 2) the responsiveness of the institution's community development lending; and 3) the extent of leadership the institution has demonstrated in community development lending.

Innovative and Flexible Lending Practices:

Performance Criteria

The institution's innovative and flexible lending practices are evaluated pursuant to the following criteria: 1) the degree to which the loans serve low- and moderate-income creditworthy borrowers in new ways or serve groups of creditworthy borrowers not previously served by the institution; and 2) the success of each product serving low- and moderate-income borrowers, including the number and dollar volume of loans originated during the review period.

INVESTMENT TEST

Scope of Test

The investment test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through its use of qualified investments that benefit the assessment area(s) or

a broader statewide or regional area that includes the institution's assessment area(s). Activities considered under the lending or service test may not be considered under the investment test. The institution's investment performance is evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and 4) the degree to which the qualified investments are not routinely provided by private investors.

SERVICE TEST

Scope of Test

The service test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. The institution's retail banking services are evaluated pursuant to the following criteria: 1) the distribution of the institution's branches among geographies of different income levels; 2) the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals; 3) the availability and effectiveness of alternate systems for delivering retail banking services; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

In addition, the institution's community development services are evaluated pursuant to the following criteria: 1) the extent of community development services offered and used; 2) the innovativeness of community development services, including whether they serve low- and moderate-income customers in new ways or serve groups of customers not previously served; 3) the degree to which they serve low- and moderate-income areas or individuals; and 4) their responsiveness to available opportunities for community development services.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks and the Federal Deposit Insurance Corporation, at 10 Meridian Street, Boston, Massachusetts 02128."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.